



Report of the Statutory Auditor on the Limited Statutory Examination to the Board of Trustees of Foundation FAIRMED in Berne

As statutory auditors, we have examined the financial statements (balance sheet, statement of operations, cash flow statement, statement of changes in capital and notes) of the Foundation FAIRMED for the year ended December 31, 2017. In accordance with Swiss GAAP FER 21 the information in the performance report is not subject to the audit work performed by the statutory auditor.

These financial statements are the responsibility of the Board of Trustees. Our responsibility is to perform a limited statutory examination on these financial statements. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law.

We conducted our examination in accordance with the Swiss Standard on the Limited Statutory Examination. This standard requires that we plan and perform a limited statutory examination to identify material misstatements in the financial statements. A limited statutory examination consists primarily of inquiries of personnel and analytical procedures as well as detailed tests of documents of the unit as considered necessary in the circumstances. However, the testing of operational processes and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination.

Based on our limited statutory examination, nothing has come to our attention that causes us to believe that the financial statements do not give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and do not comply with Swiss law and the foundation's charter and regulations.



AudEx AG

André Bolla

Licensed Audit Expert, Auditor in Charge

Bern, March 29, 2018

Enclosure: Financial statements

Balance Sheet as of December 31 2017

(in CHF)	Notes	31.12.2017	%	31.12.2016	%
Assets					
Cash		3 970		3 156	
Postal accounts		1 375 041		613 703	
Banks		372 793		1 295 982	
Cash equivalents		1 751 804	48.8	1 912 841	51.2
Receivables					
· "Leprahilfe" linked account, affiliate		54 500		99 873	
· Other short-term receivables		147 246		105 195	
Prepaid expenses		58 135		146 394	
Receivables		259 881	7.2	351 462	9.4
Current assets		2 011 685	56.1	2 264 302	60.6
Equipment and IT		30		55	
Torbey, Yaounde property	1)	1		1	
Tangible assets		31	0.0	56	0.0
Financial investments	2)	1 574 816	43.9	1 472 792	39.4
Fixed assets		1 574 847	43.9	1 472 848	39.4
Total assets		3 586 533	100.0	3 737 151	100.0
Liabilities					
Liabilities					
· Assistance and costs		312 609		319 884	
· Other short-term liabilities		5 327		41 486	
Prepaid income		95 525		25 500	
Short-term liabilities		413 461	11.5	386 870	10.4
Dedicated funds					
· Nepal earthquake		0		61 122	
· Bankim Cameroon		0		34 174	
Fund capital		0		95 296	2.5
External and fund capital		413 461	11.5	482 166	12.9
Foundation capital		500 000		500 000	
Corporate funds (free capital)		2 516 072		2 607 985	
Fluctuation funds		157 000		147 000	
Organisational capital		3 173 072	88.5	3 254 985	87.1
Total Liabilities		3 586 533	100.0	3 737 151	100.0

Operating Statement

(in CHF)	Notes	2017	%	2016	%
<i>Donations received and other revenue</i>					
Donations		3 996 327		3 815 671	
Dedicated project grants	3)				
· General		4 595 147		3 521 003	
· Cantons and municipalities		439 300		280 368	
Bequests and legacies / condolences		1 002 613		1 006 871	
Foreign currencies		11 351		10 500	
Operating revenue		10 044 738	100.0	8 634 413	100.0
<i>Expenses for projects</i>					
Project expenses	4)	7 517 427		6 280 642	
Ancillary project expenses	5)	611 610		824 094	
Fundraising and general advertising expenses	6)	1 435 113		1 235 089	
Administrative expenses	7)	750 689		859 646	
Operating expenses		10 314 838	102.7	9 199 471	106.5
Operating result		-270 101	-2.7	-565 058	-6.5
Financial income		115 440		65 424	
Financial expenses		-22 548		-69 086	
Financial result		92 891	0.9	-3 662	0.0
Result prior to modification of funds		-177 209	-1.8	-568 720	-6.6
Use / withdrawal of funds		95 296		141 032	
Allocation / deposit of funds		0		-34 175	
Fund result		95 296	0.9	106 857	1.2
Annual result prior to organisational capital allocation		-81 913	-0.8	-461 863	-5.3
Change in fluctuation funds		-10 000		1 000	
Allocation (-) / withdrawal (+) from corp. funds		91 913		460 863	
Total allocations (-) / withdrawals (+) from funds		81 913	0.8	461 863	5.3
Annual result following allocations		0	0.0	0	0.0

Cash flow statement

(in CHF)	2017	2016
Annual result in favour of the corp. fund	-91 913	-460 863
Depreciation of tangible assets	25	50
Change in fluctuation funds	10 000	-1 000
Fund result	-95 296	-106 857
(+) = formation / (-) = dissolution		
Cash flow	-177 184	-568 670
Change in liabilities	91 580	-66 091
Change in current debt	26 591	-106 182
(-) = decrease / (+) = increase		
Cash flow from operating activities	-59 013	-740 943
Financial investments	-102 024	7 828
Cash flow from investment activities	-102 024	7 828
(-) = investments / (+) = divestments		
Change in liquid funds	-161 037	733 115
Reconciliation of change in liquid funds		
As at 31.12	1 751 804	1 912 841
As at 01.01	1 912 841	2 645 956
Change in liquid funds	-161 037	-733 115

Statement of Fund Holdings (Change in capital)

(in CHF)	01.01.2017				31.12.2017
	Starting amount	Allocation external	Transfers internal	Use external	Ending Amount
Funds from fund capital					
Stop Buruli	61 122	0	0	-61 122	0
Nepal earthquake	34 174	0	0	-34 174	0
Fund capital	95 296	0	0	-95 296	0
Funds from own financing					
Foundation capital	500 000	0	0	0	500 000
Company fund	2 607 985	0	-91 913	0	2 516 072
Fluctuation fund	147 000	0	10 000	0	157 000
Annual result		-81 913	81 913	0	0
Organisational capital	3 254 985	-81 913	0	0	3 173 072

Notes to the annual financial statement

General accounting principles

Accounting is conducted in accordance with the principles of Swiss GAAP core-FER/ FER 21 and provides a true and accurate view of the assets, financial position and results of the FAIRMED Foundation. The operating statement is illustrated in accordance with the function of expense method, i.e. according to functional areas. The demarcation between project and administrative expenses is made in accordance with the ZEWO demarcation methodology.

Affiliated organisations

All of the activities, which were previously carried out by the "Leprosy Relief Emmaus Switzerland" association, have been continued by the FAIRMED Foundation since 1.1.2010. As agreed, any donations and legacies received by "Leprosy Relief" are in each case transferred to the FAIRMED Foundation. FAIRMED is a member of ILEP (International Federation of Anti-Leprosy Associations) which has its registered office in Geneva. The primary aim of this organisation is to coordinate global aid. However, it does not exert a controlling influence, nor does it have any authority to give instructions. The members of ILEP are not subject to any common control or management. Essential transactions with affiliated organisations are disclosed in the annual financial statement.

Accounting and valuation principles

Provided there is no information to the contrary in the following individual balance sheet positions, the balance sheet positions are valued at market value on the balance sheet date, whereby any accrued interest is not considered to be part of the market value. Accounting is maintained in Swiss francs. Assets and liabilities in foreign currencies are translated at the foreign exchange rates on the balance sheet date, and transactions in foreign currencies at the respective daily rate.

Cash and cash equivalents

The item includes cash and cash accounts at PostFinance and banks, as well as any short-term securities which are otherwise reported under financial investments.

Accounts receivable

The receivables are valued at nominal values minus any specific allowances. Project grants are only included in the balance sheet if the grant is made formally. This item also includes any surplus with respect to Leprosy Relief Emmaus Switzerland.

Prepaid expenses

This position includes the assets resulting from the material and chronological delimitation of individual expense and income positions. They are valued at nominal value.

Tangible assets

This position includes furniture and fixtures and other assets, such as IT hardware and software, needed for providing services and management in Switzerland. Furniture and fixtures are valued at their acquisition value minus planned depreciations, whereby a useful life of four years is generally assumed. The depreciations are carried out on a declining balance basis from the book value. Individual acquisitions for less than CHF 3000 are not capitalised. Assets are depreciated on a residual basis (pro memoria). Property abroad has been depreciated on a residual basis, as it is located in a third-world country and a reasonable market value cannot be determined.

Financial investments

Securities are booked during the year at the acquisition value. For disposals, the exchange rate differences are determined using the average purchase price and are shown in the financial result. To cover extraordinary risks of loss, a value fluctuation reserve of 10% of the market value is recorded under organisational capital.

Liabilities

This position includes payments that have been promised but not yet paid or not yet requested by the beneficiary as at the balance sheet date. This position also includes other liabilities for administrative expenses and, in the event of a deficit, the "Leprahilfe" linked account for Leprosy Relief Emmaus Switzerland. It is valued at nominal value.

Prepaid income

This position includes the liabilities resulting from the material and chronological delimitation of individual expense and income positions. They are valued at nominal value.

Fund capital

This item includes funds from donations with a clear designated purpose. This capital represents a performance obligation to the donors/financial backers until it is completely used up.

Organisational capital

This position includes the funds that can be utilised in line with the purpose according to the bylaws of the FAIRMED Foundation. The surpluses from operational activities that have not been utilised are recognised in corporate funds. The fluctuation fund is always 10% of the market value of the securities investments.

Principles of the cash flow statement

The cash flow statement shows the change in liquidity, divided by the factors of operating activities, investment activities and financing activities. The cash flow statement is prepared in accordance with the indirect method.

Principles for the calculation of changes in capital

The calculation of changes in capital shows the development of each individual dedicated fund and each individual component of the freely available capital.

Notes about individual positions in the balance sheet

31.12.2017 31.12.2016

1) Tangible assets

Holdings, additions, disposals and depreciations are recognised in a separate schedule of assets.

The Torbey property, which was acquired in 1997, is located in Yaoundé (Cameroon) in the "Centre-Résidentiel" district. The parcel is 1980 m².

Acquisition value, approximate	370 000	370 000
Depreciation, cumulative	-369 999	-369 999

Book value **1** **1**

2) Financial investments

The composition of the securities is as follows:

Bond and money market funds	774 447	774 375
Stock funds	518 257	434 257
Strategy funds	282 112	264 160

1 574 816 **1 472 792**

Notes about individual positions in the operating statement

31.12.2017 31.12.2016

3) Dedicated project grants

This concerns project-related grants and donations. If the purpose of these is defined more narrowly than the general purpose of the FAIRMED Foundation, the donations are significant and they are not reused during the current operating year, they are allocated to a corresponding revenue fund.

4) Project expenses

This concerns direct payments toward the achievement of the objective of FAIRMED (by region):

India	691 888	526 342
Cameroon	1 585 050	1 495 653
Sri Lanka	94 413	235 585
Central African Republic	380 464	264 746
Ivory Coast	140 948	145 450
Republic of Congo	23 650	213 110
Nepal	703 728	522 243
Misc. global projects (incl. external information)	473 103	494 513

7 517 427 **6 280 642**

5) Ancillary project expenses

This concerns expenses in connection with finding, planning, preparing and monitoring projects.

India	3 353	19 134
Cameroon	4 319	8 621
Misc. countries and regions	61 017	32 325
Staff costs for projects	692 449	554 833
Other ancillary expenses	62 956	41 679

611 610 **824 094**

Total expenses for projects

8 129 037 **7 104 736**

6) Fundraising and PR

Staff expenses	318 872	188 385
Administrative expenses (rent, maintenance, gen. admin.)	7 686	11 810
Advertising materials for fundraising	197 244	159 062
Postage costs for fundraising	200 271	178 939
Other advertising costs for fundraising	671 082	683 936
Advertising materials for PR	176	1 890
Other PR expenses for PR	39 781	11 067

1 435 113 **1 235 089**

7) Administrative expenses

Staff expenses	479 750	537 212
Administrative costs (space expenditure and administrative expenses)	270 914	322 384
Depreciation	25	50

750 689 **859 646**

Method of calculating administrative expenses as well as fundraising and general advertising expenses

Expenses are deemed to be administrative expenses, if the activity can only make an indirect contribution to the achievement of objectives or the expenses for projects. This applies almost exclusively to basic operational functions such as financial administration, human resources and general management. Fundraising and general advertising expenses are assigned, in certain cases (e.g. awareness-raising campaigns), in accordance with the ZEWO methodology, in part, in line with the target groups and systematically to project and service expenses.

Nature and extent of free gifts

Included in the item "Dedicated project contributions, general" are donations in the form of medicines valued at USD 3133839 and milk powder valued at CHF 91 501. Total donations in kind amount to CHF 3 194 801 (previous year: CHF 2 177 430).

Information on the compensation of the Honorary Foundation Board and remuneration of the Executive Board

As fees for specific legal services, CHF 11 887 and CHF 19 973 were paid to the Foundation Board in the year under review. The total amount of remuneration paid to the Executive Board was CHF 474 170 (previous year: CHF 440 783).

Other information in pursuance of Article 959c of the Swiss Code of Obligations

The average annual number of full-time employees is 13 persons. There is otherwise no information that is required to be disclosed.

Schedule of Assets

(in CHF)	1.1.2017	Additions	Disposals	Depreciations	%	31.12.2017
Equipment	2	0	0	0	0	2
IT, technical equipment	53	0	0	-25	47	28
Torbey, Yaounde property	1	0	0	0	0	1
Tangible assets	56	0	0	-25		31
Financial investments	1 472 792	0	102 024	0		1 574 816
Fixed assets	1 472 848	0	102 024	-25		1 574 847